



Office of the President

May 26, 2011

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. R-1409; Availability of Funds

Dear Ms. Johnson:

Navy Federal Credit Union provides the following comments on the Federal Reserve Board's (Board) proposed amendments to Regulation CC, which implements the Expedited Funds Availability Act. Navy Federal is the nation's largest natural person credit union with \$44 billion in assets and 3.7 million members.

Consistent with sound business practices, Navy Federal makes deposited funds available to members as soon as practical. Traditionally, we have provided significantly greater funds availability than mandated by regulations. Recent consolidation of Federal Reserve check processing centers and elimination of nonlocal checks significantly reduced permissible check hold times. Additionally, on July 21, 2011, the Dodd-Frank Act doubles the \$100 general next business day availability to \$200. We believe these changes support a more efficient payments system and provide credit union members earlier access to their funds than in the past.

In relatively few situations (new accounts, large items, reason to doubt collectability, etc), exceptions to the general availability rule are permitted. For exceptions, the Board's proposal would greatly reduce the current extension period of five business days to only two business days. This is simply inadequate time to determine whether the transactions are genuine. Consequently, losses and the resulting cost of doing business that must be passed on to credit union members will increase. We strongly encourage the Board to retain the current extension period of five business days for exceptions.

The proposed amendments would also reduce from five to four business days the maximum hold time for deposits at nonproprietary ATMs. Four business days will not provide financial institutions with enough time to learn of nonpayment of a check before these funds must be available for withdrawal. When these checks are returned to us by the Federal Reserve we often do not receive the item within the five day period. By reducing this hold to four business days we will be at a much greater risk for losses. We also urge the Board to retain the current hold period of five business days for deposits in nonproprietary ATMs.

PO Box 3000 Merrifield VA 22119-3000

Ms. Jennifer J. Johnson

Page 2

May 22, 2011

We appreciate the opportunity to provide comments on the Board's proposed clarifications to Regulation CC. If you have any questions, please contact Charla Tompkins, Senior Policy Analyst, at (703) 206-2672.

Sincerely,

A handwritten signature in black ink, appearing to read "Cutler Dawson". The signature is written in a cursive, flowing style.

Cutler Dawson
President/CEO

CD/ct